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St. John Bragg

ORIGINAL

# FEDERAL COMMUNICATIONS COMMISSION

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( In Re Applications of: ) MM DOCKET No.: 98-66  
)  
HICKS BROADCASTING OF INDIANA, LLC )  
)  
Order to Show Cause Why the )  
License for FM Radio Station )  
WRBR(FM), South Bend, Indiana, )  
Should Not Be Revoked; )  
)  
AND )  
)  
PATHFINDER COMMUNICATIONS CORP. )  
)  
Order to Show Cause Why the )  
License for FM Radio Station )  
WBYT(FM), Elkhart, Indiana )  
Should Not Be Revoked; )

Volume: 8

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PLACE: Washington, D.C.

DATE: October 27, 1998

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## HERITAGE REPORTING CORPORATION

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FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

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Courtroom 1, Room 227  
FCC Building  
2000 L Street, N.W.  
Washington, D.C.

Tuesday,  
October 27, 1998

The parties met, pursuant to the notice of the  
Judge, at 9:02 a.m.

BEFORE: HON. JOSEPH CHACHKIN  
Administrative Law Judge

Heritage Reporting Corporation  
(202) 628-4888

## APPEARANCES:

On behalf of the Mass Media Bureau:

JAMES SHOOK, ESQ.  
ROY W. BOYCE, ESQ.  
KATHRYN S. BERTHOT, ESQ.  
Mass Media Bureau  
Enforcement Division  
Federal Communications Commission  
2025 M Street, Northwest  
Suite 731F  
Washington, D.C. 20554  
(202) 418-1454

On Behalf of Hicks Broadcasting:

ERIC T. WERNER, ESQ.  
ERWIN G. KRASNOW, ESQ  
DOUGLAS W. HALL, ESQ.  
Verner Liipfert, Bernhard, McPherson & Hand  
901 15th Street, Northwest  
Washington, D.C. 20005-2301  
(202) 371-6062

On Behalf of Pathfinder:

MICHAEL J. GUZMAN. ESQ.  
ERIC L. BERNTHAL, ESQ.  
EVERETT C. JOHNSON, JR., ESQ.  
ALLEN GARDNER, ESQ.  
Latham & Watkins  
1001 Pennsylvania Avenue, Northwest  
Suite 1300  
Washington, D.C. 20004-2505  
(202) 637-2200

Heritage Reporting Corporation  
(202) 628-4888

APPEARANCES: (Continued)

On Behalf of Niles Broadcasting:

WILLIAM CRISPIN, ESQ.  
Crispin & Brenner, P.L.L.C  
901 15th Street, Northwest  
Suite 440  
Washington, D.C. 20005  
(202) 828-0155

On Behalf of Edward J. Sackley III:

KATHRYN R. SCHMELTZER, ESQ.  
Fisher Wayland Cooper Leader  
& Zaragoza, L.L.P.  
2001 Pennsylvania Avenue, Northwest  
Suite 402  
Washington, D. C. 20006-1851  
(202) 775-3547

Heritage Reporting Corporation  
(202) 628-4888

I N D E X

<u>WITNESSES:</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>	<u>VOIR DIRE</u>
Robert A. Watson (Resumes)	--	1084 1185 1207	1211	1232	--

E X H I B I T S

	<u>IDENTIFIED</u>	<u>RECEIVED</u>	<u>REJECTED</u>
<u>Mass Media Bureau:</u>			
2	(Prev.)	1250	--
1, p. 31	(Prev.)	1256	--
1, p. 32	(Prev.)	1257	--
1, pp. 33 - 39	(Prev.)	1258	--
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3, pp. 12 - 84	(Prev.)	1275	--
3, pp. 85 - 86	(Prev.)	1275	--
3, pp. 87 - 106	(Prev.)	1276	--
3, Attachment K	(Prev.)	1281	--
3, pp. 178 - 182	(Prev.)	1282	--

I N D E XE X H I B I T S

	<u>IDENTIFIED</u>	<u>RECEIVED</u>	<u>REJECTED</u>
<u>Pathfinder:</u>			
75	1083	1083	--
76	1084	--	--
77	1109	1112	--
70	(Prev.)	1159	--
78	1162	1179	--

I N D E XE X H I B I T S

	<u>IDENTIFIED</u>	<u>RECEIVED</u>	<u>REJECTED</u>
<u>Hicks Broadcasting:</u>			
1	1180	1198	--
2	1180	--	--
3	1181	--	--
4	1181	--	--
5	1181	--	--
6	1182	1195	--
7	1182	--	--
8	1182	--	--
9	1183	1200	--
10	1183	--	--
11	1183	1204	--
12	1183	1205	--
13	1184	1206	--
14	1184	--	--

Hearing Began: 9:02 a.m.  
Recess Began: 12:15 p.m.

Hearing Ended: 3:30 p.m.  
Recess Ended: 1:45 p.m.

1                                P R O C E E D I N G S

2                    JUDGE CHACHKIN: Good morning.

3                    ALL: Good morning, Your Honor.

4                    MR. JOHNSON: Judge Chachkin, it occurred to us  
5 yesterday that the drawing that Mr. Watson did on the post-  
6 board ought to be identified for the record as an exhibit,  
7 simply so Your Honor --

8                    JUDGE CHACHKIN: Are you going to make copies of  
9 that and put it into evidence?

10                   MR. JOHNSON: I beg your pardon?

11                   JUDGE CHACHKIN: Are you going to make copies of  
12 that and put it into evidence?

13                   MR. JOHNSON: We could reduce it and put it into  
14 evidence if that's appropriate. We should probably ask that  
15 it be identified as our next exhibit, which I think would be  
16 Exhibit No. 45.

17                   JUDGE CHACHKIN: Seventy-five.

18                   MR. JOHNSON: Seventy-five. And then with your  
19 permission, Your Honor, we will remove it and make copies  
20 more suitable for the record.

21                   JUDGE CHACHKIN: Does anyone have any objections  
22 to the receipt?

23                   MR. SHOOK: No, Your Honor.

24                   JUDGE CHACHKIN: All right, the exhibit will be  
25 received and permission is granted to make copies and



1 provide copies to the parties.

2 (The document referred to was  
3 marked for identification as  
4 Pathfinder Exhibit No. 75, and  
5 was received into evidence.)

6 MR. GUZMAN: On that note, Your Honor, we prepared  
7 some blow-ups and some demonstrative aids. There is one on  
8 the board now, which I have shown to Mr. Shook. It's a time  
9 line, if we could flip that over. And I would propose to --  
10 go ahead -- use that this morning and refer to it from time  
11 to time. I'll also identify that and have it marked as an  
12 exhibit at the appropriate time.

13 And, again, we can reduce that 8 and a half by 11  
14 size for the convenience of all concerned here today.

15 JUDGE CHACHKIN: All right. If you're identifying  
16 it, we'll consider it.

17 MR. GUZMAN: Okay. Let's identify it now as  
18 Pathfinder Exhibit No. 76.

19 JUDGE CHACHKIN: What is it? What is Pathfinder  
20 Exhibit 76?

21 MR. GUZMAN: Pathfinder Exhibit No. 76 is a time  
22 line showing important events with respect to Station WRBR  
23 from the years 1992 to the present.

24 JUDGE CHACHKIN: All right, that document is  
25 marked for identification as Pathfinder Exhibit No. 76.

1 (The document referred to was  
2 marked for identification as  
3 Pathfinder Exhibit No. 76.)

4 JUDGE CHACHKIN: Does the Bureau have a copy of  
5 the exhibit?

6 MR. SHOOK: The Bureau had an opportunity to  
7 review it beforehand, Your Honor.

8 JUDGE CHACHKIN: All right. You don't have copies  
9 of it at this time?

10 MR. GUZMAN: Not at the moment. We would request  
11 permission to remove it and have it reduced.

12 JUDGE CHACHKIN: Well, first, let's ask some  
13 questions about it.

14 MR. GUZMAN: Okay.

15 Whereupon,

16 ROBERT A. WATSON  
17 having been previously duly sworn, was recalled as a witness  
18 herein, and was examined and testified further as follows:

19 CROSS EXAMINATION (Resumes)

20 BY MR. GUZMAN:

21 Q Mr. Watson, when we ended, we had discussed  
22 operations in accounting under the Joint Sales Agreement  
23 with Booth. Do you remember that?

24 A Yes.

25 Q Let's turn now to discuss the events of the spring

1 of 1994 and -- excuse me -- spring of 1993 and the summer of  
2 1994.

3 I believe you testified yesterday that Pathfinder  
4 had proposed to do further integration in combination under  
5 the Joint Sales Agreement. Do you remember that?

6 A Yes.

7 Q And that Booth seemed interested in that; is that  
8 right?

9 A Yeah, they --

10 JUDGE CHACHKIN: Well, let's be clear about this.  
11 You never received anything in writing, did you?

12 THE WITNESS: No.

13 JUDGE CHACHKIN: And you never spoke to Mr. Booth  
14 personally?

15 THE WITNESS: No, Your Honor.

16 JUDGE CHACHKIN: All right.

17 BY MR. GUZMAN:

18 Q But that Booth didn't ever -- Pathfinder and Booth  
19 didn't take any formal steps for their integration because  
20 at some point in the spring 1993, Booth decided to sell  
21 Radio Station WRBR?

22 JUDGE CHACHKIN: Well, that's speculation. You  
23 don't know what Booth did. If you want to bring Mr. Booth  
24 here, you can, but he could only be speculating about that.

25 THE WITNESS: Well, it was shortly after that. It

1       wasn't too far after that, though, that they did indicate  
2       their -- that they wanted to sell the station.

3               BY MR. GUZMAN:

4               Q       Well, let me just ask that.

5               Mr. Watson, at what point did yo learn that Booth  
6       wanted to sell WRBR?

7               A       It would have been early summer; around June or  
8       so.

9               Q       Okay.

10              JUDGE CHACHKIN:   June of when?

11              THE WITNESS:   June of '96.   I mean, in that area,  
12       June.

13              BY MR. GUZMAN:

14              Q       How was this communicated to you?

15              A       I heard it through John Dille.

16              Q       Okay.   And do you have an understanding from what  
17       John or Pathfinder's response was?

18              A       Yes, absolutely.   We were interested in buying  
19       WRBR.

20              Q       Did Pathfinder commence negotiations with Both  
21       respecting WRBR?

22              A       Yes.

23              Q       What happened?

24              A       Well, it got -- it got pretty far along and the  
25       negotiations went quite a ways, almost to what we thought

1     was completion. Even got a pretty decent draft, if I  
2     recall, of an Asset Purchase Agreement. And it was right up  
3     to somewhere in the summer '93, after we got to that point,  
4     that Alan Campbell, our FCC counsel, and Booth's FCC  
5     counsel, I think it was John Quale, went over to the FCC and  
6     asked them -- there was a determination made that Pathfinder  
7     had to get a waiver because of the cross-ownership rule.

8             Anyway, they went over to the FCC to determine how  
9     long or if it was feasible that they might get a waiver, if  
10    it was possible. At any rate they determined together that  
11    it would take awhile, if at all.

12            So at that time Booth determined that they didn't  
13    want to -- they did not want to wait. So, in essence, they  
14    said that they were going to the market with the station at  
15    that point.

16            Q     Okay.

17            A     And really we ceased negotiating our purchase --  
18    Pathfinder's purchase of its stock.

19            Q     So eventually Booth communicated to Pathfinder  
20    that Booth was no longer interested in selling the station  
21    to Pathfinder exclusively?

22            A     That's correct.

23            JUDGE CHACHKIN: When was this, approximately?

24            THE WITNESS: I'm not exactly sure. It would have  
25    been late July or some time in August?

1 JUDGE CHACHKIN: Of '90?

2 THE WITNESS: '93.

3 JUDGE CHACHKIN: '93.

4 THE WITNESS: Yes, Your Honor.

5 BY MR. GUZMAN:

6 Q Let's back up for just a minute. Before you got  
7 word from booth that they were going to put the station back  
8 on the market because they were unwilling to wait for  
9 Pathfinder to obtain a waiver, you mentioned that Pathfinder  
10 and Booth got pretty far along in terms of their  
11 negotiation.

12 Were the basic terms or a deal worked out at that  
13 point?

14 A Yes, basically, they were. It was going to be an  
15 asset purchase. It was going to be seller financed. There  
16 was going to be a fairly generous, lenient payment schedule  
17 on the financing.

18 Q What was the purchase price?

19 A The purchase price was \$660,000.

20 So substantial parts -- points on the deal, I  
21 think, were fairly complete. We negotiated it to fairly  
22 completion.

23 Q Now, when Pathfinder got word from Booth that  
24 Booth was unwilling to wait for Pathfinder to obtain a  
25 waiver, what was Pathfinder's response?

1           A     Well, I guess at that point John's interest turned  
2     to trying to preserve the JSA in some manner, so therefore  
3     he had an interest in who was going to by the station. And  
4     so he went and talked to John Booth about basically, you  
5     know, a little time elapsed, but "Who are you talking to?"  
6     In other words, he asked John Booth, "Who are talking to  
7     about the station?"

8                     And John had given him a few different names of  
9     different possible buyers that he had been talking to,  
10    including Niles Broadcasting, and Dave Hicks, and I think  
11    there was even another one at Benton Harper or somebody.

12           Q     And what did John Dille do with these names of  
13    Niles and Hicks and other that he had received from Booth?

14           A     Well, I believe he wanted a conversation. I know  
15    that he went and talked to at least a few of them. One was  
16    Niles Broadcasting, the principal of Niles Broadcasting, and  
17    then they also talked to Dave Hicks.

18           Q     Okay.

19           A     Of which both individuals are owners of other  
20    stations. He knew them. He knew of them when he went and  
21    talked to them.

22           Q     Now, as far as you're aware what were the results  
23    of John's discussions with Niles Broadcasting?

24           A     I can't testify to exactly how much interest there  
25    was on their part. I do know that some way it came out that

1 Booth was not interested in selling to them. That is what I  
2 know as the final result to be, and I'm not sure why.

3 Q But Booth was interested in selling to Niles?

4 A He didn't want to sell them. They were -- they  
5 were a direct competitor in the market. They were a  
6 competitor in the market, and I'm just not sure why they  
7 didn't, but they didn't.

8 Q Okay. And how about with respect to Dave Hicks,  
9 do you know what the results of John's conversations there  
10 was?

11 A Well, I think there was interest. I mean,  
12 certainly there was interest on Dave's part, particularly  
13 when I think Dave saw that it was a seller financed deal,  
14 and I think he was very receptive to the idea.

15 I also know that John Booth was -- I mean, Dave  
16 Hicks was certainly an acceptable buyer to John Booth.

17 Q Can you pinpoint for us at what point in time  
18 you're talking about now when John is making first overtures  
19 to Dave Hicks and Mr. Booth was first hearing about Dave  
20 Hicks?

21 A I can pinpoint the month. I can't pinpoint the  
22 day. I know it was in August.

23 Q August 1993?

24 A Excuse me. Again, I guess I can't say. It may  
25 have been late July, but certainly I think it was August.



1 Q Okay. Were you personally involved in these  
2 discussions at this point?

3 A No, I didn't -- I never talked to John Booth or to  
4 Dave Hicks at all.

5 Q At that point in time?

6 A No, I had not. All of my discussions had been  
7 with John.

8 Q When did you first become personally involved in  
9 the proposed transaction relating to WRBR?

10 A You're talking about with respect to Hicks?

11 Q Yes.

12 A Okay. Well, it would have been after, after I  
13 was, some time after I was sure that Hicks had given John  
14 Booth the -- basically sent him a letter if I recall  
15 indicating that he would be the one that was purchasing, he  
16 would be the majority shareholder of an entity that was  
17 going to purchase WRBR, and that was early September 1993.

18 Q Okay. And as you became personally involved, what  
19 was your role in helping the proposed transaction go  
20 forward?

21 A Well, at that time I was -- I was asked by John as  
22 a favor to him to review the documents and coordinate the  
23 documents on behalf of his children, the minority  
24 shareholders. I had had some experience in certainly  
25 looking at acquisition documents in my career, not that I'm

1 an attorney, but, you know, but certainly looking at them.  
2 And it was something that I could do, and that was basically  
3 it.

4 I really didn't negotiate the documents on behalf  
5 of the children, but I certainly would have brought  
6 anything, any substantive that really required somebody to  
7 make a decision on, I would have brought those to John Dille  
8 who would have considered those points on behalf of his  
9 children.

10 Q Now, we've discussed this point before, but as I  
11 understood your testimony, you were essentially acting at  
12 John's request, understanding that it was a request for you  
13 to do something of a personal nature; is that correct?

14 A Yes.

15 Q And as you understood it, your role was to look  
16 after the interests of John's children as it related to this  
17 proposed transaction?

18 A Correct.

19 Q Had John ever asked you to do things of a personal  
20 type nature like this before?

21 A Well, occasionally. I was his -- I mean, I would  
22 do -- I don't know if I would coin them as "favours," but  
23 occasionally I would do things that might be of a personal  
24 nature.

25 Q Can you perhaps give us an example?

1           A     One of the thing that takes up -- it's kind of an  
2     ongoing project, you might say, that takes -- that one might  
3     consider personal, of a personal nature would be having to  
4     do with his -- helping him and helping his counsel,  
5     consultants with his personal estate. He has, you know,  
6     some estate planning to do like a lot of people do, and he's  
7     getting consultation on how to go about planning his estate.  
8     And since I'm familiar with a lot of John's assets from the  
9     standpoint of companies and so on, I do get involved in most  
10    meetings and those kind of things relating to his personal  
11    estate. One might -- one might consider that of a personal  
12    nature.

13           Q     Do you have an understanding for why John has  
14    asked you to participate in his personal estate planning?

15           A     Well, I think it would be due to my knowledge of  
16    his businesses from the standpoint of the assets and the  
17    shareholders and who owns what shares.

18                   I mean, anyone that he uses as a consultant or an  
19    attorney for estate planning is going to end up having to  
20    gather a lot information and data, and they would probably  
21    come to me for that.

22           Q     Because in your role as the CFO of Pathfinder,  
23    you're the keeper of much of that data?

24           A     Yes, sir.

25           Q     Now, do you have an understanding for why John

1 asked you to play the role that you did with respect to the  
2 acquisition of the proposed transaction relating to WRBR?

3 A Well, again, I mean, he needed someone to  
4 coordinate those documents and look at them on behalf of his  
5 children. I was already familiar with the transaction  
6 because Pathfinder had taken it to almost completion, so I  
7 was used to seeing the documents. I had already had  
8 conversations even with Booth's attorneys on the subject.  
9 It wouldn't have really made sense to ask anyone else about  
10 them.

11 Q As you went forward serving as a point of  
12 coordination the proposed Hicks Broadcasting transaction,  
13 did you believe that you had authority to negotiate on  
14 behalf of Hicks Broadcasting?

15 A No. No, I -- in really no transactions have I  
16 taken part in did I think I had authority to negotiate.  
17 There -- I mean, very, very minor maybe, but any substantive  
18 points, I did not, I couldn't negotiate. I could only -- I  
19 would only bring those to the attention of John who would  
20 then make some decision on behalf of his children.

21 Q And you say that that was true in the Hicks  
22 Broadcasting transaction and it was the same also in other  
23 transactions in which you participated on behalf of  
24 Pathfinder?

25 A Very much so.

1           Q     Who were the professional with whom you interacted  
2     as relates to the proposed Hicks Broadcasting transaction?

3           A     Well, I worked with, other than Dave Hicks, of  
4     course, I mean, I worked with Rick Brown, which was his  
5     counsel.

6           JUDGE CHACHKIN:   Whose counsel?

7           THE WITNESS:   Rick Brown was Dave Hicks' counsel.  
8     He was his transactional attorney for, I guess, I would call  
9     it. I worked with Kim -- her name was Kim Houdulin from  
10    Honigman Miller. That was Booth's counsel. And I worked  
11    with Alan Campbell, who was Dave Hicks hired to be his FCC  
12    counsel.

13          BY MR. GUZMAN:

14          Q     Let me ask you first, what did you understand Rick  
15    Brown's role to be in this transaction?

16          A     Well, I guess I think he probably had two roles.  
17    Certainly he represented Hicks Broadcasting, and on behalf  
18    of Hicks Broadcasting he was the other transactional  
19    attorney. He actually worked, worked a lot with Honigman  
20    Miller on the deal, on finalizing the deal.

21          Q     So Rick Brown represented Hicks Broadcasting --

22          A     Hicks Broadcasting.

23          Q     -- of Indiana vis-a-vis Booth so that Hicks  
24    Broadcasting could purchase the station from Booth?

25          A     Oh, absolutely.

1 Q Is that what you're saying?

2 A Absolutely.

3 Now, I think that at a point he also represented,  
4 I saw him as a role of representing Dave Hicks personally  
5 because there came a point that there was negotiations  
6 between the members themselves. So at that point he kind of  
7 wasn't representing Hicks Broadcasting, he was representing  
8 Dave Hicks personally as the majority member of that entity.  
9 So I guess I saw him in two roles.

10 Q As I understand your testimony, perhaps there is a  
11 certain ambiguity here that I've created by referring to  
12 this as the Hicks Broadcasting transaction. It sounds to me  
13 like there is two things going on here.

14 First, Hicks Broadcasting is negotiating with  
15 Booth to purchase WRBR; is that right?

16 A That's correct.

17 Q But in addition, the members of the entity, which  
18 is to become Hicks Broadcasting, are also negotiating  
19 amongst themselves in a certain respect; is that right?

20 A Yes. That didn't come -- you know, that wasn't --  
21 that didn't start off in August, but at some point in time  
22 that did take place.

23 Q Because as of August, September, October 1993,  
24 Hicks Broadcasting of Indiana had yet to be formed?

25 A That's correct.

1 Q Okay.

2 JUDGE CHACHKIN: You mean there were negotiations  
3 between the children and Mr. Hicks? Is that what you're  
4 saying?

5 THE WITNESS: No.

6 JUDGE CHACHKIN: Well, the parties did explore  
7 basically their interest, the Dille children or --

8 THE WITNESS: Yes, but you -- I think I've  
9 testified, and, you know, this is the way it was, whether I  
10 haven't or not, on behalf of Dille -- John's children, John  
11 actually would have negotiated on their behalf.

12 JUDGE CHACHKIN: So Mr. Dille was negotiating with  
13 Mr. Hicks, is that what you're saying?

14 THE WITNESS: At some point there would have been  
15 some negotiation between the members on the -- on their  
16 arrangement as members of the entity; yes, sir. Yes, Your  
17 Honor.

18 JUDGE CHACHKIN: What was the negotiations about?  
19 What were the points of dispute?

20 THE WITNESS: Well, there were -- I think that it  
21 has already come up somewhere here is the -- you recall  
22 what's been commonly referred to as the side letter, Your  
23 Honor, that came up on March 30th at the -- fairly late and  
24 almost the last minute. There were some points in there  
25 that required negotiations.

1 JUDGE CHACHKIN: You mean in terms of the options  
2 we're talking about --

3 THE WITNESS: Yes, Your Honor.

4 JUDGE CHACHKIN: -- require, things of that  
5 nature?

6 THE WITNESS: Yes, Your Honor.

7 But Mr. Dille was the one who was doing all the  
8 negotiation. He was -- he would have made the decision on  
9 behalf of his children to either accept or go along with  
10 whatever would have been in that side letter.

11 John Dille and I talked about it, but John would  
12 have made the decision on behalf of the children. And it's  
13 in that role that I was describing Rick Brown as personally  
14 representing Dave Hicks as opposed to Hicks Broadcasting. I  
15 was just making a little distinction there.

16 JUDGE CHACHKIN: Well, who was representing Hicks  
17 Broadcasting while he was representing Hicks personally?

18 THE WITNESS: Rick Brown did also. He would, Your  
19 Honor.

20 JUDGE CHACHKIN: Who represented Mr. Dille's  
21 interest? Was there an attorney?

22 THE WITNESS: Yes. John had -- we had -- Alan  
23 Campbell was his FCC counsel. That was pretty much it. I  
24 mean, we do have local counsel. I don't know if he needed  
25 representation on all these points though. There weren't



1       that many.

2               JUDGE CHACHKIN:  It was just the side letter.

3               THE WITNESS:  That's the only point, basically.

4       Yes, I think that -- I can't think of anything else.

5               JUDGE CHACHKIN:  But the way it was resolved was  
6       that the -- that division wouldn't go into the agreement; is  
7       that correct?

8               THE WITNESS:  Didn't get into the operating  
9       agreement.  It came after the operating agreement.  It came  
10      in the form of a side letter that was signed on March 31st,  
11      the date of closing.

12              JUDGE CHACHKIN:  What was that sign letter again?  
13      What did that do?

14              THE WITNESS:  Basically three things, Your Honor.

15              JUDGE CHACHKIN:  You can look at if you want.

16              THE WITNESS:  I can generally tell you.

17              First of all, it provided for what we called a  
18      clip.  They allowed Dave Hicks to basically take his  
19      majority share after three years so that the minority  
20      members would have to have to buy him out.

21              JUDGE CHACHKIN:  Did that remain -- that was still  
22      the main part of the contract?

23              THE WITNESS:  That was in this side letter, okay,  
24      and it still exists.

25              The second part was there would be indemnification

1 relating to the letter of credit that Dave Hicks had put up  
2 with respect to the escrow deposit, okay?

3 And then the third thing related to this personal  
4 guarantee of the members that -- the \$250,000 personal  
5 guarantee which each member had a portion of, a limit on, in  
6 other words. It discussed who went first, and basically  
7 discussed that the minority shareholders went first in that  
8 guarantee.

9 And so back to summarize. That's why I said Rick  
10 Brown represented Dave Hicks with respect to that because  
11 that came from Rick Brown at the last hour.

12 JUDGE CHACHKIN: Okay. Go ahead.

13 BY MR. GUZMAN:

14 Q For a moment let's stay with the early fall time  
15 frame 1993. I'm not sure I completely understood your  
16 testimony there.

17 You didn't mean to imply that the operating  
18 agreement had been worked out as of that date, did you?

19 A No, no, I didn't mean to imply that at all, if I  
20 did. The operating agreement itself wasn't even -- I don't  
21 believe it was even started until toward the end of  
22 February, early March; within the month of March, I think,  
23 was the first draft.

24 JUDGE CHACHKIN: What year was that?

25 THE WITNESS: 1994, which was the same month as

1 the closing.

2 BY MR. GUZMAN:

3 Q And it's the operating agreement, together with  
4 the side letter, that governs the relationship between the  
5 members of Hicks Broadcasting of Indiana; is that right?

6 A That's right. That's right.

7 See, basically, the asset purchase agreement,  
8 which was signed, I think, on November 30th, and  
9 traditionally what happens then is -- I mean, it just so  
10 happens that once you sign that like nothing happens for  
11 awhile. You're waiting for the FCC to approve the transfer,  
12 and then nothing was done until March.

13 Once they thought the -- you know, the closing was  
14 fairly close, everybody rushed around and tried to get  
15 things done.

16 Q How old were John's children at the time?

17 A I'm guessing -- I'm sure I'm quite wrong on this  
18 but probably 20, 24 and 30. And with that I'll --

19 MR. SHOOK: Your Honor, we'd be willing to  
20 stipulate as to what their birthdays are.

21 THE WITNESS: I'm sorry. I don't know.

22 JUDGE CHACHKIN: If you have that information, I  
23 would suggest that --

24 MR. GUZMAN: That's fine.

25 MR. SHOOK: -- because counsel is going to

1 stipulate.

2 THE WITNESS: I think I was wrong.

3 BY MR. GUZMAN:

4 Q But in any event --

5 A I'm sure there's somebody in this room that does  
6 know the answer to that.

7 Q Well, approximately they were in their twenties;  
8 is that right?

9 A Yes, I think so.

10 Q Do you have any understanding as to what their  
11 respective business experience had been up to that point in  
12 time?

13 A Yes. They may not have been that old either.  
14 They may have been 19, 23 and 27, I think, something like  
15 that.

16 Yeah, I do know a little bit about what they've  
17 done. Of course, there was one of them that was -- boy, I  
18 get confused as to what time frame because I think on May  
19 4th one of them might have just got out of high school.  
20 Certainly if they were in college, just started.

21 The other one, I think, was also still in school.  
22 The next oldest is still in school. And I think she had  
23 gone -- she was in school in Syracuse and maybe had just  
24 come back to town to attend a local university. And then  
25 the oldest had -- I believe he was -- at that he had his --

1 he had a photo business, photo and camera business there  
2 locally.

3 Q Okay. When did you become aware that John Dille  
4 was proposing to Dave Hicks that John's children would be a  
5 part of Hicks Broadcasting of Indiana, or the company that  
6 eventually became Hicks Broadcasting of Indiana?

7 A Well, I think I knew that -- I knew that early on  
8 whenever -- I knew he was talking to Dave about this. I  
9 think his first goal was to preserve the JSA and preserving  
10 meaning hopefully someone would buy Hicks that would  
11 appreciate the JSA arrangement and they would want to  
12 continue it.

13 Secondly, I think at that time there was no --  
14 fairly well known to me that he also would like his children  
15 to be minority shareholders, and so I think it was proposed  
16 early on, and I think I knew it.

17 Q Do you know whether John had ever discussed his  
18 children's participation in the proposed transaction  
19 relating to WRBR with FCC counsel?

20 A Yes, I do know that he did talk to FCC counsel on  
21 that. He talked to -- I know he talked to Alan Campbell and  
22 Peter Tannenwald on their participation, and whether they  
23 could be minority members, and I know that.

24 I do also know that he talked to Peter Tannenwald  
25 with respect to him contributing money to his children

1 through gift, loan or whatever. But I do know Peter said  
2 give them whatever money you need to --

3 Q So it's your understanding --

4 Q -- without a problem.

5 Q It's your understanding that John was advised that  
6 he could give or lend the money to his children for their  
7 participation in this proposed transaction?

8 A Yes.

9 Q And is it also your understanding that John  
10 received advice that his children could participate as  
11 minority shareholders or stakeholders in the proposed  
12 transaction?

13 A Yes.

14 Q I think earlier I neglected to follow up on the  
15 role of Alan Campbell.

16 In the summer of 1993, I take it that Alan  
17 Campbell was advising Pathfinder?

18 A Yes. He was Pathfinder's FCC counsel and he was  
19 giving us advice.

20 Q And once it became clear that Pathfinder wasn't  
21 going to buy WRBR, did Alan Campbell continue advising in  
22 connection with the acquisition of WRBR?

23 A Yeah. At some point, I mean, early on, whenever  
24 Dave indicated that he was going to buy the station or be  
25 the majority member of an entity that was going to buy the

1 station, it was right around that same time that he talked  
2 about getting FCC counsel. And I suggested that why not --  
3 why don't you hire Alan Campbell. He's already familiar  
4 with the transaction. He's already seen the documents. And  
5 it just made -- made perfect sense for him to continue with  
6 the transaction, and that's what Dave did, and that would  
7 have been early on after Dave indicated his interest.

8 Q I believe you testified previously that in fact  
9 Hicks Broadcasting of Indiana or an entity to be formed  
10 under that name signed an asset purchase agreement with  
11 Booth in November 1993, to purchase WRBR?

12 A Yes.

13 Q After that asset purchase agreement was signed,  
14 what else happened with respect to that transaction in the  
15 ensuing month or two?

16 A To the best of my recollection, I can't remember  
17 anything really happening for quite a long period of time,  
18 until toward latter part of February, somewhere in there.  
19 Certainly nothing happened that I can -- that stands out in  
20 December and January other than the -- excuse me. After the  
21 asset purchase agreement, there would have been the transfer  
22 application filed.

23 But after that was filed, there was very little  
24 activity that I can recall.

25 Q Was that unusual in your experience?

1           A     No. As I had indicated before, it seems to be the  
2 way things go in these transactions, at least my experience  
3 is that you sign the purchase agreement, get off the  
4 application, and there's very little done then until closing  
5 and you scurry around like crazy trying to get the closing  
6 done, because that's one thing, you're not quite sure when  
7 these grants are going to come.

8           Q     Let's go back to a topic that was discussed at  
9 some length a few days ago, and that is, why was this  
10 perceived to be a good investment for the children?

11          A     Well, I think that, you know, although we knew at  
12 that time that WRBR was probably losing money, although the  
13 financial statements at that period of time we hadn't looked  
14 that. We had looked at them earlier.

15          Q     Right. In fact, you had the financial statements  
16 for 1991 and 1992 from Booth relating to WRBR; isn't that  
17 right?

18          A     That's correct.

19          Q     And they both showed that WRBR was losing money in  
20 those years?

21          A     That's right.

22          Q     And then you had -- Pathfinder had experience with  
23 WRBR under the Joint Sales Agreement with Booth?

24          A     So we knew what the sales were.

25          Q     Right.



1           A     And knew what the experience was.

2           Q     And I believe it was your previous testimony that  
3     the sales experience, the revenues were quite what you had  
4     hoped they would be?

5           A     Well, absolutely, they weren't at all what we  
6     thought they would be.

7           Q     So in that context then, what is it that made this  
8     a good investment?

9           A     Well, we took a little longer term view of this  
10    station. During that period of time in 1990, '91 and '92,  
11    there were a lot of radio stations losing money all around  
12    the country, and including WRBR.

13                We knew some -- I mean, there is no station that  
14    we would have known better than this one because we were  
15    running the JSA and we know what the sales were, we knew the  
16    problems with the JSA. We had already recognized immediate  
17    cost savings because of the Joint Sales Agreement. And in  
18    addition to that I believe, I'm sure, co-location had been  
19    discussed. As it had been discussed with Booth, I'm sure it  
20    was discussed with Dave. Co-location, which would result in  
21    then additional savings because of the co-locations. We  
22    could share additional employees and some things that you  
23    weren't sharing before, some expenses, rent, for example.

24                So those kinds of things, and the other thing was  
25    the solid finance. It was solid finance with a generous

1 payment schedule that didn't provide the payment for six  
2 months. I mean, it was -- it was really -- there was many  
3 compelling reasons to buy the station. In fact, it was  
4 really a no-brainer. And so -- so John's children's  
5 investment in this would have been really a no-brainer.

6 Q So these things that you just described that made  
7 the investment a no-brainer, these are things that John and  
8 you were discussing as it related to the investment of  
9 John's children in the station?

10 A Yes.

11 Q Do you know whether Dave Hicks shared some of  
12 these ideas and views about the investment, or about the  
13 desirability of an investment in this station?

14 A I never had any personal conversation with Dave on  
15 that but I'm sure Dave would --

16 JUDGE CHACHKIN: Well, it's speculation. I'm not  
17 going to let the witness answer the question. He never had  
18 any personal conversation with Mr. Hicks.

19 MR. GUZMAN: Understood, Your Honor.

20 BY MR. GUZMAN:

21 Q What I'm really getting at is what you just  
22 described for us in terms of why it was perceived to be a  
23 good investment, all of that relates to John's thinking and  
24 your thinking with regard to John's children?

25 A Yes.

1           Q     All right. I wanted to follow up on a point that  
2     you raised about the payment schedule that Booth gave on his  
3     note.

4           MR. GUZMAN: Your Honor, we've prepared at this  
5     point a blow-up of that payment schedule and we would like  
6     to use it as an exhibit, and we've shown it to the Bureau  
7     and they have agreed to this if it's alright with you.

8           JUDGE CHACHKIN: Are you going to refer at all to  
9     this time line or just -- what's the purpose of it?

10          MR. GUZMAN: The time line, I do intend to refer  
11     to it, but we'll take it up and take it down from time to  
12     time.

13          JUDGE CHACHKIN: All right.

14          MR. GUZMAN: Your Honor, we'd like to identify  
15     this as Pathfinder Exhibit No. 77. It is a chart depicting  
16     the note payment schedule that Hicks Broadcasting agreed to  
17     with Booth.

18          JUDGE CHACHKIN: All right, the document is so  
19     identified.

20                                 (The document referred to was  
21                                 marked for identification as  
22                                 Pathfinder Exhibit No. 77.)

23          JUDGE CHACHKIN: I assume you're going to make  
24     copies of this --

25          MR. GUZMAN: Yes, Your Honor.

1 JUDGE CHACHKIN: -- and put it into evidence?

2 MR. GUZMAN: Yes, Your Honor.

3 JUDGE CHACHKIN: All right.

4 BY MR. GUZMAN:

5 Q Mr. Watson, do you recognize this schedule that's  
6 been prepared?

7 A Yes.

8 Q Do you believe it to be accurate?

9 A Yes, it appears to be.

10 Q Could you explain it to us, please?

11 A Well, basically, as I had indicated before, Hicks  
12 Broadcasting bought the station April 1, 1994, and there  
13 were six months where there were no payments. There were  
14 six months where the payment amount was \$5,000, and then on  
15 the first of the thirteenth month there was \$105,000 due.  
16 And then there was no payments due for the next 12 months.  
17 The next payment on April 1, 1996, was for \$10,000, and that  
18 amount went for six months; six payments of \$10,000 each.

19 It then changed to \$15,000 on October 1, 1996, and  
20 then -- and then it continued at \$15,000 a month until  
21 January 1st, and then at that time the balloon of \$240,000  
22 was due Booth, and at which time the note would have been  
23 paid off.

24 Q Am I understanding it correctly that that this  
25 note payment schedule was included in the asset purchase

1 agreement with Booth relating to WRBR?

2 A Yes, I believe it was a schedule. I mean, if it  
3 wasn't a schedule, it certainly provided for this in  
4 writing. I don't recall.

5 Q Now, from Pathfinder's point of view -- let me  
6 state it differently. From John's point of view or from  
7 your point of view thinking about this as an investment for  
8 the children, why was this schedule perceived to be generous  
9 or useful?

10 A Well, as I indicated, we knew some of the problems  
11 with the sales. I mean, they were not what we expected them  
12 to be, but totally knew what some of the problems were and  
13 expected things to turn around. In fact, in fact, they did  
14 turn around. Those problems were solved and -- but it still  
15 took a little longer to solve than what we thought.

16 But the good thing about this was that there was  
17 no payments on the principal for six months.

18 Q No payments whatsoever?

19 A No payments whatsoever, and then they were fairly  
20 modest at \$5,000 a month. It was -- I don't think there was  
21 any thought, there was no thought at that time that this  
22 payment schedule could not be made, would not be made out of  
23 operations.

24 MR. GUZMAN: Your Honor, at this time we'd move  
25 for the admission of Pathfinder Exhibit No. 77.

1 JUDGE CHACHKIN: Any objection?

2 MR. SHOOK: None, Your Honor.

3 JUDGE CHACHKIN: The exhibit is received.

4 (The document referred to,  
5 having been previously marked  
6 for identification as  
7 Pathfinder Exhibit No. 77, was  
8 received into evidence.)

9 JUDGE CHACHKIN: Copies will be provided to the  
10 parties and the reporter --

11 MR. GUZMAN: I'm sorry, Your Honor. I didn't hear  
12 you.

13 JUDGE CHACHKIN: I said copies of this document  
14 will be provided to the reporter and the parties and the  
15 presiding judge?

16 MR. GUZMAN: Yes, they will, Your Honor. Thank  
17 you.

18 BY MR. GUZMAN:

19 Q Let's go back to the sequence of events then. The  
20 asset purchase agreement was signed in November of 1993, and  
21 then did there come a point in time when you became involved  
22 in any way with respect to the assignment application for  
23 the license of WRBR?

24 A Well, I think I testified. My role from the  
25 standpoint of the assignment application itself, as I recall

1 reviewing the exhibits to the assignment application that  
2 relate to the children's ownership, any of the exhibits  
3 relating to the ownership of other companies and that kind  
4 of thing, and that is generally about all -- that's all I  
5 ever looked at in that application, and I didn't look at the  
6 other things. I expected my counsel to answer those  
7 questions, to fill out the application part.

8 Q And I believe you testified that you actually saw  
9 a draft of the assignment application at one point in  
10 December of 1993; is that right?

11 A Yes, I did.

12 Q Do you know whether John Dille saw that same draft  
13 or any draft of the assignment application?

14 A I'm sure that he didn't.

15 Q You're sure that he did not?

16 A I'm sure that he did not.

17 Q Why do you say that?

18 A Because I -- well, I don't know. I saw the faxes  
19 to me, and I saw that he wasn't ever copied. They came to  
20 me. They came to Dave Hicks, Rick Brown. I never showed it  
21 to him. I had no reason to. There would have been  
22 absolutely no reason for him to see that. I don't even -- I  
23 mean, even the schedules on ownership relating to the  
24 exhibits, I never -- I never showed those things.

25 Q Now, in February 1994, the application was amended

1 as I understand it; is that right?

2 A Yes.

3 Q What involvement, if any, did you have in the  
4 amendment process?

5 A I basically remember -- I remember the topic of  
6 the amendment, and I may have got it faxed to me. I don't  
7 don't remember if John got that statement that he was  
8 supposed to sign directly, or if he came to me and I gave it  
9 to John. But my role would have been giving it to John to  
10 sign.

11 Now, I know that in the -- one of the attorney  
12 bills that showed that I had a conversation with John and  
13 Alan on that subject for two or three-tenths of an hour or  
14 something like that; small, small amount. I may have had  
15 that conversation too. I don't recall that conversation  
16 whatsoever. It was a not an event to me.

17 Alan Campbell had prepared this thing, sent it to  
18 John to sign, and as far as I know it was being responsive  
19 to whatever the FCC wanted.

20 JUDGE CHACHKIN: But you don't know if it was  
21 responsive. All you your role apparently was just to  
22 transmit it to John?

23 THE WITNESS: Yes, I -- and, excuse me.

24 JUDGE CHACHKIN: And a conversation.

25 THE WITNESS: I assumed that it was responsive



1       since it had been prepared by our attorney.

2               JUDGE CHACHKIN: That's -- that's irrelevant, what  
3       you assume. You don't have any facts. As I gather, your  
4       role was simply to transmit it from the attorney to John  
5       Dille?

6               THE WITNESS: All I can testify to is that it came  
7       from our attorney and I gave it to John.

8               JUDGE CHACHKIN: And you didn't discuss the  
9       substance of it with the attorney?

10              THE WITNESS: Well, excuse me, Your Honor.

11              I may have been a party to that conversation, that  
12       telephone conversation with Alan Campbell that was indicated  
13       on the attorney's letter. I may have been. I don't  
14       remember the conversation though. This was not -- to me, it  
15       was not a big event. This was not substantive, a  
16       substantial point to me. Something that had been prepared  
17       by the attorney, to be signed by John, and I -- I mean, I  
18       knew the subject matter, Your Honor. I also knew that he  
19       had already contributed money to his children. But I  
20       thought it was -- I didn't think anything of it.

21              BY MR. GUZMAN:

22              Q       Let me refer you to an exhibit. This is Mass  
23       Media Bureau Exhibit No. 1, page 41. I believe you've  
24       already been shown this exhibit.

25              A       I don't think the Bureau showed me this exhibit.

1 JUDGE CHACHKIN: Did the Bureau show him this  
2 exhibit?

3 MR. SHOOK: We certainly asked him questions about  
4 it.

5 JUDGE CHACHKIN: You did?

6 MR. SHOOK: Yes.

7 BY MR. GUZMAN:

8 Q All right, this is a letter from Alan Campbell to  
9 Dave Hicks dated February 17, 1994. And you'll see that it  
10 references a staff request for a statement from John Dille  
11 and his father. You will note too that there is a cc to  
12 you, Mr. Robert A. Watson.

13 Do you remember ever seeing this letter at the  
14 time?

15 A No, not at all. In fact, the first time I saw  
16 this, and I testified to this before, and I'll -- I would  
17 like to mention it again if I could.

18 The first time I ever saw this letter, to my  
19 knowledge, was when we were preparing one of the drafts to  
20 the letter of inquiry, and this letter was faxed to me from  
21 Alan -- faxed to me by Alan Campbell, and that was, I think,  
22 in March 1997.

23 And when I saw this letter, I mean, I saw that I  
24 had been copied on it, and at that time I went back and  
25 searched through all of my files, my correspondence, I mean,

1 anything to do on this subject, and I didn't find it.  
2 That's the first time I ever remember seeing it was when it  
3 was faxed to me.

4 Q Do you have any reason to believe that you  
5 received this letter on or about February 17, 1994?

6 A No. No further reasons than I just said. It  
7 seemed like, you know, I've got a lot of copies. As you  
8 know, I keep copies of a lot of other things, and I don't  
9 know why I wouldn't have kept a copy of this.

10 Q So it wasn't in your files?

11 A No. I had a copy of the statement in there, but  
12 not this.

13 Q Let's keep moving on in time. The amendment was  
14 in February of 1994.

15 What happened next?

16 A What do you mean, what happened next exactly?

17 Q Well, was there a point when you came to  
18 understand that the FCC had approved the assignment  
19 application?

20 A Oh. Yes, some time in, I think, the middle of  
21 March, the 15th, 16th, something like that, the word came  
22 from Alan Campbell, Dave Hicks got the word that the grant  
23 was going to be made. The grant was going to be made, I  
24 think it was the 16th.

25 So at that time, and with the knowledge that that

1 was coming, the attorneys, Rick Brown and Honigman Miller,  
2 and I, on behalf of the children, started scurrying around  
3 looking at closing documents, preparing closing documents  
4 and looking at them.

5 Q Just, in general, what kinds of things needed to  
6 be done in order for the transaction to be closed?

7 A Well, in addition to the closing documents, we  
8 needed -- I don't know -- the bill of sales and there may  
9 have even been a schedule or two that was yet to prepare. I  
10 don't recall everything but there is always a lot of things  
11 to do on a closing; closing memorandum and -- but in  
12 addition to that, I think I had already mentioned that the  
13 operating agreement, the actual entity of Hicks Broadcasting  
14 had to be formed.

15 Now, that started before the grant, but in  
16 anticipation of the grant it had started in early March,  
17 around, I recall the first draft being around March 4th. So  
18 that operating -- the actual entity of Hicks Broadcasting  
19 had to be formed in addition to the closing documents during  
20 that period of time of March.

21 Q Okay, so prior to closing you need to finalize the  
22 documentation with respect to the sale from Booth to Hicks  
23 Broadcasting of Indiana; is that right?

24 A That's correct.

25 Q And at the same time you also needed to organize

1 the entity which became Hicks Broadcasting of Indiana?

2 A That's correct.

3 Q Let's start there. I believe you've just  
4 testified that the Hicks Broadcasting of Indiana operating  
5 agreement would have began to be circulated as a draft in  
6 early March 1994.

7 Did I hear that right?

8 A Yes.

9 Q What was the basic purpose of this document?

10 A Well, the entity, the limited liability, Hicks  
11 Broadcasting, a limited liability company, had to be formed,  
12 and that document basically describes the -- describes the  
13 legal entity. It talks about the rights of the members and  
14 it basically is the -- it's what the members live by to  
15 operate the entity.

16 Q Who was actually drafting the operating agreement?

17 A Sam Thompson from Barnes & Thornburg drafted it.

18 Q I take it Sam's a lawyer?

19 A Sam is a lawyer, a local lawyer in Elkhart,  
20 Indiana, for a firm of Barnes & Thornburg, an Indiana  
21 attorney.

22 Q Now, we've talked a lot about roles. What was  
23 your understanding of Sam Thompson's role as he was drafting  
24 the actual agreement?

25 A Well, he was drafting a document that was the

1 the entity which became Hicks Broadcasting of Indiana?

2 A That's correct.

3 Q Let's start there. I believe you've just  
4 testified that the Hicks Broadcasting of Indiana operating  
5 agreement would have began to be circulated as a draft in  
6 early March 1994.

7 Did I hear that right?

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19 A Sam is a lawyer, a local lawyer in Elkhart,  
20 Indiana, for a firm of Barnes & Thornburg, an Indiana  
21 attorney.

22 Q Now, we've talked a lot about roles. What was  
23 your understanding of Sam Thompson's role as he was drafting  
24 the actual agreement?

25 A Well, he was drafting a document that was the

1     entity of Hicks Broadcasting, so he would have been the  
2     attorney for Hicks Broadcasting. He was drafting -- he was  
3     forming that entire entity, and his role was an attorney for  
4     Hicks Broadcasting.

5           Q     And I take it that this time for performing that  
6     service was charged to Hicks Broadcasting?

7           A     Yes, it was.

8           Q     Paid for by Hicks Broadcasting?

9           A     Yes.

10          Q     Now, the first draft of the operating agreement  
11     circulated in March you testified, did that draft include  
12     any mechanism by which the Dille children could purchase the  
13     shares or the ownership interest of Dave Hicks?

14          A     No.

15          Q     When did such a mechanism come up in the drafting  
16     process?

17          A     The first time it ever came up was, I believe, on  
18     March 24th, the draft that came out on or about March 24th.

19          Q     Let me refer you to, this is Mass Media Bureau  
20     Exhibit No. 57. I believe you've been shown this document  
21     before and you've testified about it.

22                 But this is a letter from Barnes & Thornburg to  
23     you?

24          A     Yes.

25          Q     And in the letter, which is essentially a

1 transmittal letter, it refers to Section 7.4(b) and 7.4(f),  
2 part of which is a mandatory "call right."

3 Do you see that?

4 A Yes, I do. Yes, this is what I've seen and  
5 therefore I recall the date of March 24th.

6 Q I take it the call provision is the mechanism by  
7 which the Dille children could at some point buy Dave Hicks'  
8 ownership interest in Hicks Broadcasting of Indiana?

9 A Yes.

10 Q So as of this time, end of March 1994, was this  
11 call provision still being negotiated?

12 A As of this time you're saying?

13 Q Yes.

14 A Yes. Then, and I believe afterwards.

15 Q Do you know when the call provision got finalized  
16 in the operating agreement?

17 A I'm not exactly sure but I seem to recall that  
18 there is another draft after this on or around the 29th or  
19 30th that it actually got finalized, because I think there  
20 was -- I think I recall seeing, I'm not sure if was brought  
21 up in testimony or not, but there were some changes made on  
22 or about the 29th or 30th of March in some wording.

23 Q Now, earlier this morning you testified that the  
24 side letter, which is a part of the agreement governing  
25 Hicks Broadcasting of Indiana, was also still in flux as of



1 the March '94 time frame.

2 Do you remember that?

3 A March, yeah. Flux. I mean, I didn't see it until  
4 March 30.

5 Q Good point.

6 Let me refer you to Mass Media Bureau Exhibit No.  
7 61.

8 A Okay.

9 Q You received this handwritten note from Rick  
10 Brown?

11 A Yes.

12 Q And this is the note that transmit a draft of the  
13 side letter for your review and comments; is that right?

14 A Yes.

15 Q Do you know whether this is the first time you  
16 ever saw a draft of the side letter?

17 A I know that it was the first time I had ever seen  
18 it.

19 Q Now, if you turn to the next two pages, that's the  
20 actual draft that was transmitted to you on the 30th of  
21 March, 1994.

22 Do you see that?

23 A Yes.

24 Q This was essentially a proposal from Dave Hicks  
25 and Rick Brown to the children; is that right?

1           A     Yes, it is. It can be described as that, yes.

2           Q     Let me call your attention to item number two, the  
3 quit provision.

4                     Describe for us what you understood that provision  
5 to be.

6           A     Well, basically any time after three years Dave,  
7 as the majority member, could put his share of the company  
8 and require, require the minority shareholders to purchase  
9 his share, buy him out.

10          Q     Okay.

11          A     In accordance with the formula that's in the back  
12 in the operating agreement of the entity itself.

13          Q     With respect to the quit provision, there are some  
14 handwriting. Can you read that?

15          A     Well, it says, "On or after three years from the  
16 date of this letter --

17          Q     So in other words --

18          A     "...this will confirm," so on and so forth.

19          Q     Okay. Do you know whose handwriting that was?

20          A     I believe that it's -- I believe it was Rick's,  
21 the same person that wrote -- Rick Brown, the same person  
22 that wrote the note. It's not mine. It would appear to be  
23 similar to page -- I believe it came that way.

24          Q     Okay.

25          A     I think it was kind of an afterthought. He had